

Solid Waste Program Results Audit

April 2006

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Summary of Main Findings

The audit found the Solid Waste Program's data management, recordkeeping and calculation methodologies to be well designed and maintained. Of the 25 unique Program measures and activities audited, Auditors were able to verify the reported results for 24 (96%) as accurate.¹

Auditors identified two issues for the Program to address. In some cases these issues affected the Program's FY 2004/2005 results and could affect future results if not corrected. These issues are discussed briefly below:

- Five measures (20%) had data entry or calculation errors.² While only one of these errors was significant enough to affect the reported results, steps should be taken to eliminate their occurrence as they can render results meaningless if large enough. In general, the Program should review data entry procedures and calculation formulas in automated spreadsheets.
- Four measures (16%) had data integrity issues such as logs not being detailed enough for auditors to confirm reported results.³ While only one measure had data integrity issues significant enough to affect the reported results, steps should be taken to minimize such issues as once source data is compromised little can often be done to reproduce Program efforts. The data integrity issues auditors encountered are diverse and require such remedies as making data entry logs more detailed and retaining support documentation.

A detail of measure statistics can be found in **Attachment 1** at the end of this report.

¹ Duplicate Service Delivery Plan (SDP) measures and activities with work hours as products were not included in this calculation.

² PMs 2, 3, and 5; SDP 32202-4 and Activity 322110

³ PMs 5, and 6; SDPs 32202-5 and 32203-2

Introduction

This audit is intended to evaluate the effectiveness and accuracy of the performance reporting system in the Solid Waste Program for FY 2004/2005. It is part of the City of Sunnyvale's effort to audit the program results for all City programs over an eight year period.

Outcome Measurement in Sunnyvale

Measuring program performance and program outcomes has been a key feature of Sunnyvale's management system for more than two decades. Funding for City programs is not budgeted by line item, such as "salaries," but rather by the efforts or tasks undertaken by staff. These tasks are called "activities." Each activity has a budgeted number of dollars intended to cover the cost of carrying out the task. Each also has a budgeted number of "products" that management is expected to produce with those dollars.

Related activities are grouped together. The groupings are called Service Delivery Plans. Taken together, these activities are expected to yield more than just the sum of the "products" of each activity. Collectively, they are expected to produce broad end results, or "outcomes," that can be measured. For instance, an activity that pays for workers to collect refuse will yield a certain number of tons of collected refuse (the "products"), but also – in conjunction with other activities – will produce a measurable level of "public satisfaction" with garbage collection (the "outcome").

Service Delivery Plans (SDPs) with similar purpose are grouped together to form programs. The Solid Waste Program (322) contains three SDPs:

1. Solid Waste Diversion
2. Solid Waste Collection and Disposal
3. SMaRT Station

Measures and activities are not static and continue to evolve as the City refines the performance measurement system. During the course of the audit, the City of Sunnyvale was in the midst of restructuring its Planning and Management System (PAMS). The degree to which the restructure addresses any of the findings of this audit will be discussed in a future follow-up audit.

Audit Scope and Methodology

The purpose of this audit is to review the accuracy of the reported results for the Solid Waste Program in FY 2004/2005. To accomplish this, auditors gathered and reviewed all of the Program's written Standard Operating Procedures (SOPs) and source documentation to reconstruct how program and SDP measures and activities were calculated and reported. On-site visual inspections were performed to verify the data

integrity of source documents. Measures were also reviewed to ensure that reported results accurately portray the intent of the measure.

Measures and activities for which there is adequate documentation for auditors to determine a result are verified as either accurate or inaccurate by comparing the auditor's calculated result to the Program's reported result. Measure results are deemed accurate if they are within plus or minus three percent of the auditor's calculation. Activity product results are deemed accurate if they are within plus or minus five percent of the auditor's calculation.

Since performance measures emanate from organizational and operational systems, program results audits may touch on operational and policy issues facing the program and City. Although these issues are important, the primary purpose of the audit is to determine the accuracy of the measures reported. Any issues outside the scope of the audit will be mentioned briefly in the Summary of Main Findings section at the beginning of this document.

Background

The mission of the Solid Waste Program outlined in the FY 2004/2005 budget is to: "Reduce the amount of refuse disposed and provide reliable, competitively priced and environmentally sound services for collection, disposal reduction and disposal of solid wastes, by:

- Promoting source reduction behavior and providing recycling services that divert solid waste from landfill disposal and into economically productive uses,
- Providing reliable, convenient, competitively priced and environmentally sound solid waste collection and disposal services, and
- Taking advantage of economies of scale by providing diversion and refuse transfer services to other jurisdictions at the SMaRT Station."

Exhibit 1 on the next page outlines the budget and expenditures for the Solid Waste Program for fiscal years 2003/2004 and 2004/2005.

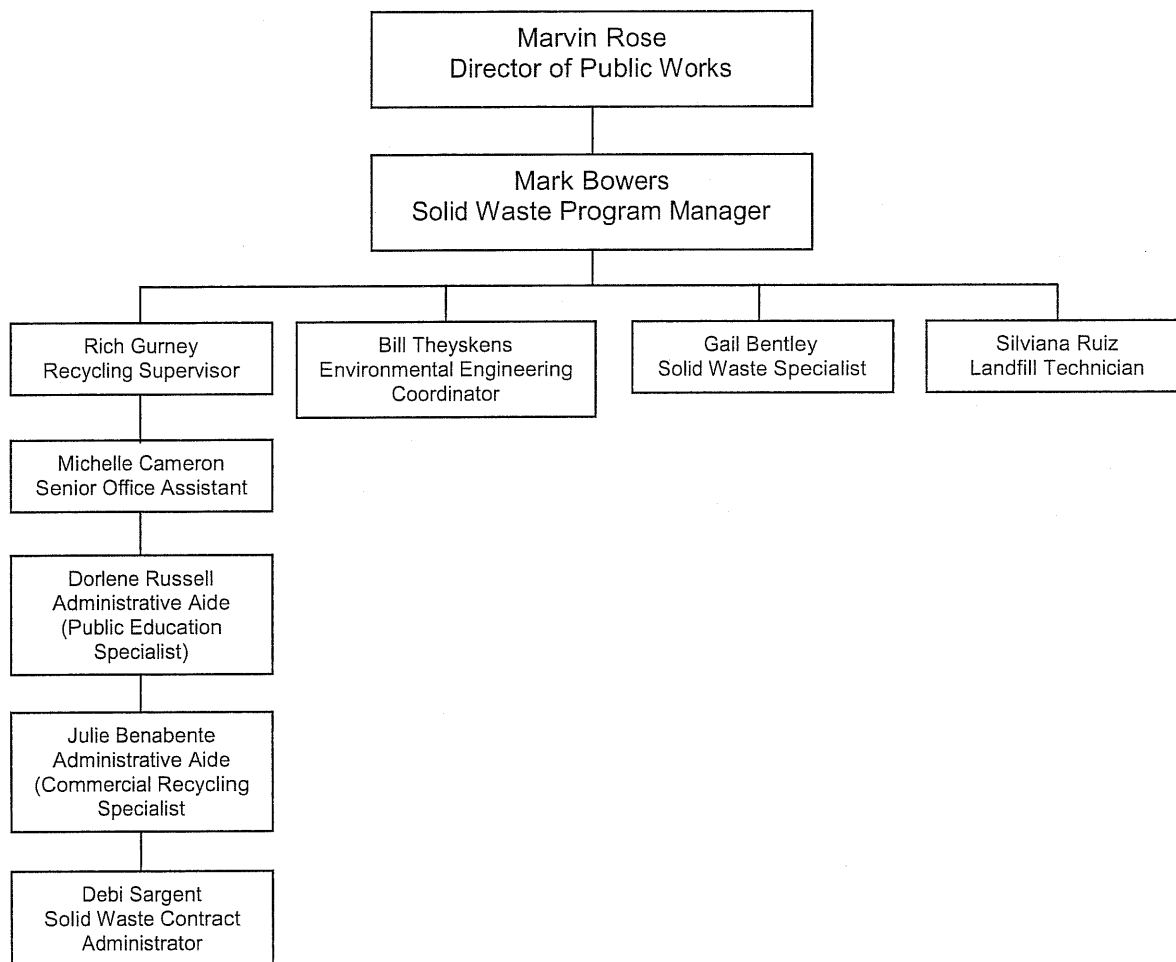
Exhibit 1 – Budgeted versus Actual Expenditures for FY2003/2004 and FY2004/2005

Program 322 - Solid Waste				
Budgeted	COSTS		WORK HOURS	
	FY 03/04	FY 04/05	FY 03/04	FY 04/05
Service Delivery Plans				
1 Solid Waste Diversion	\$ 520,266	\$ 505,495	9,283	8,498
2 Solid Waste Collection and Disposal	25,416,111	25,139,135	9,705	8,841
3 SMaRT Station	17,800,185	17,593,198	2,674	2,863
Program Total	\$ 43,736,562	\$ 43,237,828	21,662	20,202
Actual				
	FY 03/04	FY 04/05	FY 03/04	FY 04/05
Service Delivery Plans				
1 Solid Waste Diversion	\$ 437,889	\$ 488,619	7,312	7,483
2 Solid Waste Collection and Disposal	25,121,433	24,919,350	10,128	8,892
3 SMaRT Station	17,310,955	17,533,758	2,888	2,658
Program Total	\$ 42,870,277	\$ 42,941,726	20,328	19,033

Source: FY 2003/2004 and FY 2004/2005 Period 14 Management by Objectives Reports

The primary costs associated with this Program are contracts for outside vendors to collect solid waste and recycling materials, and to operate the Sunnyvale Materials Recovery and Transfer (SMaRT®) Station. The FY 2003/2004 budget provided \$43.7 million and 21,662 staff hours to the Program. Although the actual expenditures increased slightly in FY 2004/2005 (\$71,449 or 0.16%), expenditures were below the budgeted amount in both years by 1.98% and 0.68% respectively.

Exhibit 2 on the next page is an organizational chart for the Program. Under the Director of Public Works, the Solid Waste Program had a workforce of one upper manager, one first line supervisor and seven staff. The Program manages the contracts for the City's garbage collection and recycling, which requires a significant amount of oversight of contractors' work and efforts. The SMaRT® Station, which processes waste from Sunnyvale, Mountain View and Palo Alto is also operated by a contractor and overseen by the Solid Waste Program.

Exhibit 2 - Organizational Chart for Solid Waste.

Acknowledgments

Gathering and compiling data can be a very time consuming process. The Auditor would like to thank the staff of the Solid Waste Program and Tim Kirby from the Finance Department for compiling data for the audit while juggling everyday operational commitments.

Kate Murdock was the primary auditor for this audit and report with assistance from Sue English.

Section 1: Program Outcome Measure Details**Program Outcome Measure 1:****Diversion of solid waste from disposal is maintained at 50%. Reported Result: 56%****SDP Measure 32201.1 is a duplicate of this Program Measure.**

The intent of this measure is to ensure that the City is in compliance with State law. In 1989, the California Integrated Waste Management Act was passed requiring jurisdictions to divert at least 50% of their solid waste from landfills through source reduction, recycling, and composting. While the measure results reflect the efforts of the City, the calculation of the City's diversion rate is actually performed by the California Integrated Waste Management Board (CIWMB). CIWMB considers several factors in calculating a jurisdiction's diversion rate including changes in population, employment and inflation. CIWMB adjusts the jurisdiction's base-year generation tonnage by these factors to arrive at an estimate of the jurisdiction's current year generation tonnage and then compares this to what was actually landfilled.

Auditors confirmed that CIWMB calculated Sunnyvale's diversion rate as 56% in FY 2003/2004. CIWMB had not released results for FY 2004/2005 as of January 2006. Audit staff determined it was acceptable for staff to use the prior year results for the current reporting year as this is an ongoing effort and due to the fact that as of January 2006, the CIWMB had still not released data for FY 2004/2005.

There are no findings to note.

Program Outcome Measure 2:**The charge for collection of refuse in Sunnyvale is 98% of charges for comparable services in similar local cities. Reported Result: 97.05 (Index)****SDP Measure 32202.3 is a duplicate of this Program Measure.**

The intent of this measure is to ensure that Sunnyvale's rates for refuse collection remain consistent with rates from surrounding jurisdictions. Auditors were able to confirm the reported result as accurate with only one minor data entry error. Staff entered a rate of \$13.75 for Mountain View's collection of 1-Can bins, but the rate in FY 2004/2005 had been increased to \$14.15. It appears staff was aware of this change and thought it had been incorporated into the measure's result, but it had not. Auditor calculations resulted in an index score of 97.24, a slightly better result than the 97.05 reported.

Finding #1: The index score is misleading and masks the actual status of Sunnyvale's rates compared to similar cities. The index score of 97.05 could be taken to mean that

the City's rates are lower than surrounding jurisdictions. However, Sunnyvale's collection rates are actually 0.78% greater than the rates of other comparable cities.

Recommendation #2: Indexes have been used to report measure results for many City programs. Reporting results in this format is being reconsidered for the FY 2006/2007 Budget Restructure. The auditor recommends the result for this measure be reported as a percentage, in line with the measure's wording.

Program Outcome Measure 3:

**The index of solid waste complaints per 10,000 collections provided is at the previous three year average. Reported Result: Index: 111.79
Number of Complaints: 770**

SDP Measure 32202.1 is a duplicate of this Program Measure.

This measure tracks customer complaints over time and helps the Program manage customer service provision. Customer complaints and requests are tracked and responded to daily and reviewed by the Solid Waste Specialist frequently throughout the month. Auditors confirmed collections data used by the Program to calculate the result by reviewing contractor monthly invoices. Auditors sampled the customer service requests/complaints log for three months of the year to confirm the number of complaints used to calculate the reported result and found a few minor data entry errors that had little to no affect on the reported result.⁴ Auditors were able to verify the reported result as accurate noting only a few minor data entry errors. In FY 2004/2005, the Program calculated 2.29 customer complaints per 10,000 collections compared to a prior three-year average of 2.56 complaints per 10,000 collections to arrive at the reported index. The auditor calculated 2.28.

There are no findings to note.

Program Outcome Measure 4:

City refuse is disposed at sites that are designed and operated to prevent unpermitted environmental contamination 100% of the time. Reported Result: 100%

The intent of this measure is to ensure the City's Solid Waste Program actively works with the landfills where Sunnyvale's waste is disposed to ensure environmental compliance. Sunnyvale disposes of waste at Kirby Canyon Disposal Facility as the Sunnyvale Landfill was closed in 1993. Staff stated Sunnyvale actively partners with

⁴ Collection amounts entered for May 2005 were off by 1,000 collections. In two of the three months sampled, auditors counted one less complaint than was entered into the Program's calculation spreadsheet.

Kirby Canyon by meeting regularly with regulatory agencies monitoring the landfill and with Kirby Canyon staff to discuss its operation. The City has an interest in verifying its waste is disposed at sites that are properly designed, operated, monitored and maintained. The result for this measure is calculated by dividing the quarters of the year in which disposal sites had no environmental compliance violations by the total number of quarters in the year.

Data for this measure comes from two sources: 1) Program staff meets with landfill management and the various landfill monitoring agencies; and 2) Staff review reports produced by the regulatory agencies regarding any problems at either landfill. At the end of the fiscal year, Program staff generates a report summarizing the major issues. Auditors reviewed this very thorough staff report and verified there were no violations at either landfill by speaking with inspectors from each of the following regulatory agencies: the California Integrated Waste Management Board, San Jose's Local Enforcement Agency (LEA), Santa Clara County's Local Enforcement Agency, the Bay Area Air Quality Management District, and the Regional Water Quality Control Board.

There are no findings to note.

Program Outcome Measure 5:**SMaRT Station® uptime is 96%. Reported Result: 96.94%****SDP Measure 32203.4 is a duplicate of this Program Measure.**

The intent of this measure is to ensure the SMaRT Station is operational during available business hours and "uptime" is maximized. The SMaRT Station has several processing functions. Downtime is defined as when one or the other of two main systems, materials recovery and refuse loadout, is non-operational for a period of one hour or more.

Auditors were not able to verify the reported result for this measure as accurate or inaccurate for two reasons: 1) a spreadsheet formula error caused only the first six months of data to be captured for the reporting year; 2) there were discrepancies between the contractor's daily log of station downtime and the monthly spreadsheet provided by the contractor to the Program for calculating the measure's result.

Finding #1: The reported result did not represent data from the entire fiscal year due to a spreadsheet formula error.

Recommendation #1: Spreadsheet formulas should be reviewed before results are reported.

Finding #2a: Station downtime is not being adequately captured by the contractor. Staff provided auditors with documentation showing they informed the contractor of the measure and the contractor's record keeping responsibilities. However, daily logs were

still not detailed enough for auditors to verify the monthly downtime reported by the Station Operator. The contracting Station Operator explained that a daily log is kept of downtime including jams and problems with specific pieces of equipment. At the end of the month, the Station Operator reviews these daily logs to determine the actual time that either of the two major systems, materials recovery and/or refuse loadout, were inoperable or "down". For example, daily logs may indicate that downtime for various parts totaled 8 hours, but only 1 hour will be noted as downtime in the summary monthly report. However, it is not clear from looking at these logs, which part or system is being counted as the one hour of downtime.

Finding #2b: Auditors found two instances in which the daily log indicated downtime totaling less than one hour, but the monthly report showed systems as being inoperable for two hours on each of these days.

Recommendation #2: The Program should revise the Station Operator contract and the SOP for this measure to provide detailed specifications on the type of log the Station Operator needs to keep. The log should provide space for the contractor to note on a daily basis how long either the materials recovery or refuse loadout systems were inoperable. A brief explanation for other downtime of individual parts that did not impact these systems should also be logged each day to ensure that downtime is captured accurately.

Program Outcome Measure 6:

Major contracts are managed so that annual unit cost increases are limited to the rate of inflation. Reported Result: 99.58 (Index)

SDP Measures 32202.5 and 32203.5 stem from this Program Measure.

The intent of this measure is to ensure that contract costs for waste disposal and recycling do not outpace inflation. The measure is calculated by comparing the current year's unit costs to the previous year's unit costs for the three major contracts: solid waste collection, operation of the SMaRT Station, and refuse disposal, which are adjusted for inflation. The result shows overall unit cost increases were slightly above the rate of inflation by 0.42%. Auditors verified the result was reported accurately and was calculated correctly with one exception.

Finding #1: For the collection contract, the overall costs used to calculate the results for this measure inappropriately included the franchise fee for this contract twice. This was an accounting/ budgeting decision that was made some time in the past and not by current staff. The franchise fee is an allowable expense and while the Program is not actually reimbursing the contractor twice, the way it is currently being accounted for appears to inflate the overall contract costs. Because this contract has been similarly accounted for in previous years, there is no effect on the reported result for this measure as it looks at unit cost increases. However, in the future, the Program should

change the way this cost is accounted for so it does not appear twice in the budget.

Recommendation #1: Only the actual contract costs should be included in the calculation for this measure. Program management should work with the Finance Department to insure costs for this contract are being accounted for correctly.

Program Outcome Measure 7:

The Budget/Cost Ratio (planned cost divided by actual cost) is at 1.0. Reported Result: 1.01 (Ratio)

Audit staff verified the reported result of this measure using the Management by Objective Report for the last accounting period (14) of FY 2004/2005, which shows the Program spent slightly less than its budget. The budgeted amount for this program was \$43,237,828. The Program spent \$42,941,726. The ratio reported for this measure is correct.

There are no findings to note.

Program Outcome Measure 8:

An overall customer satisfaction rating of 95% for Solid Waste Management services is achieved. Reported Result: 94%

The result for this measure comes from the City's Resident Survey conducted by the Gelfond Group. Residents were asked, "How would you rate the City of Sunnyvale on the following services: Garbage collection / recycling." The Program reported the number of responses rating their services as "very good," "good," and "average," which audit staff confirmed as 94%.

There are no findings to note.

Section 2: Service Delivery Measure Details**Service Delivery Measure 32201-1:****Diversion of solid waste from disposal is maintained at 50%. Reported Result: 56%**

This SDP measure is a duplicate of Program Measure 1. Auditors were able to confirm the reported result.

There are no findings to note.

Service Delivery Measure 32201-2:**The aggregate cost per ton to divert is at the previous three year average. Reported Result: Index: 126.21
Percent of Average: 79%**

This measure is intended to inform Program staff of the cost per ton to divert solid waste through the following five recycling programs: *Yardwaste*, *Commercial Cardboard*, *Curbside Recycling*, *Multi-unit Recycling*, and *Solid Waste Diversion* through the SMaRT Station. Auditors were able to confirm the reported result as accurate showing that the aggregate cost per ton to divert is approximately 80% of what it has averaged for the last three years.

There are no findings to note.

Service Delivery Measure 32202-1:**The index of solid waste complaints per 10,000 collections provided is at the previous three year average. Reported Result: Index: 111.79
Number of Complaints: 770**

This SDP measure is a duplicate of Program Measure 3. Auditors were able to verify the reported result as accurate noting only a few minor data entry errors.

There are no findings to note.

Service Delivery Measure 32202-2:**25% of SMaRT Station loads checked do not contain hazardous wastes. Reported Results: 42%**

The purpose of this measure is to ensure the dumping of hazardous wastes in the landfill is minimized. This is achieved through educating the public and waste collection contractors coming into the SMaRT station about what is and is not considered hazardous. The SMaRT Station contract operator is required by the SMaRT Station Solid Waste Facility Permit to conduct random checks of refuse loads for the presence of hazardous waste. The measure result is calculated by dividing the total number of Sunnyvale loads checked that did not contain hazardous waste by the total number of Sunnyvale loads checked. The auditor observed a hazardous waste check and reconciled the check log to a summary spreadsheet confirming the reported result as accurate with an average of 5.48 random checks performed per week in FY 2004/2005. Most checks occurred on Tuesdays, Wednesdays and Thursdays.

There are no findings to note.

Service Delivery Measure 32202-3:**The charge for collection of refuse in Sunnyvale is 98% of charges for comparable services in similar local cities. Reported Result: 97.05 (Index)**

This SDP Measure is a duplicate of Program Measure 2. Auditors were able to confirm the reported result as accurate with only one data entry error. Comments and recommendations are the same as for Program Measure 2.

Service Delivery Measure 32202-4:**The landfill gas collection system provides 90% of the prior year number of BTU's to the Power Generation Facility. Reported Result: 91.25%**

This measure tracks the level of British Thermal Units (BTUs) discharged by the closed Sunnyvale landfill and sent to the Power Generation Facility, a 1.6-megawatt electrical generating plant. Because the landfill stopped accepting refuse in 1993, the level of BTUs is expected to drop each year by approximately 10%. Auditors were able to verify the reported result as accurate finding two minor calculation errors that had minimal effect on the reported result. Totals for "BTU Content of the LFG used for Power Generation" and "BTU Content of the LFG Flared" were not added correctly in two of the twelve months. Auditors calculated the reported result as 91.32% instead of the 91.25% reported.

There are no findings to note.

Service Delivery Measure 32202-5:

The solid waste collection contract is managed so that annual product cost increase is limited to the rate of inflation. Reported Result: 100.08 (Index)

The intent of this measure is to ensure contract costs for solid waste collection do not outpace inflation. The measure is calculated by comparing the current year's unit costs to the previous year's unit costs, which are adjusted for inflation. Auditors verified the reported result was calculated correctly and is accurate by showing overall unit cost increases were slightly below the rate of inflation.

This SDP Measure stems from Program Measure 6. Please see the findings and recommendations for Program Measure 6. The same comments and recommendations apply to this measure.

Service Delivery Measure 32203-1:

The SMaRT Station annual facility diversion rate is 18.0%. Reported Result: 18.2%

This measure tracks the amount of Municipal Solid Waste coming into the SMaRT Station that is diverted from the landfill through the Station's efforts. This measure does not include recycled materials that are presorted. Auditors were able to confirm the reported result as accurate by verifying the amount of waste coming into the SMaRT Station as compared to the amount of waste delivered to Kirby Canyon.

There are no findings to note.

Service Delivery Measure 32203-2:

Review equipment replacement funding schedules by January 1st each year for inclusion into the budgeting process to provide adequate funding for SMaRT Station equipment replacement. Reported Result: 100 (Index)

The purpose of this measure is to ensure there is adequate funding for replacing SMaRT Station equipment. This requires the Solid Waste Contract Administrator to complete review of the equipment replacement funding schedule by January 1st. Auditors were only able to verbally confirm that the schedule was reviewed within the required timeframe as support documentation could not be found.

Finding #1: While the Solid Waste Contract Administrator could provide auditors with copies of the reviewed schedule, documentation showing when the schedule was completed was missing. The Solid Waste Contract Administrator indicated the supporting file had been erased due to email problems. Auditors were able to confirm from a staff member in Finance that the document had been provided within the required timeframe.

Recommendation #1: Program staff should save all supporting documentation for calculating measure results and archive these documents at the time measure calculations are made. These documents should be retained for a minimum of 2 years.

Service Delivery Measure 32203-3:

The participating agencies are provided with billings, payments, reconciliations, audits, and other reports on mutually agreed dates 100% of the time. Reported Result: 100.23%

The intent of this measure is to ensure the Solid Waste Program provides other jurisdictions partnering with Sunnyvale in use of the SMaRT station with necessary documents in a timely manner. Timeliness is determined by whether the Solid Waste Program provides these documents on agreed upon dates. Staff stated they achieved a result of 100.23% because they apply a percent greater than 100 whenever documents are provided in advance of the agreed upon date. Auditors confirmed the reported result as accurate as the result was calculated in accordance with the SOP calculation methodology.

Finding #1: The measure wording does not accurately reflect the reported result. The reported result is an average percentage within which documents are provided to participating agencies and factors in when documents are provided in advance of agreed upon dates. However, the measure wording itself indicates that documents are provided on mutually agreed dates and does not specify use of an average. Staff stated that dates are not mandated, but guidelines. Staff feel the calculation methodology outlined in the SOP is more appropriate for measuring staff efforts for this measure as participating agencies do appreciate receiving documents in advance of agreed upon dates.

Recommendation #1: Audit staff recommends the Program change the wording of the measure to reflect what is actually being measured. For example, "Participating agencies are provided with billings, payments, reconciliations, audits, and other reports within an average of 5 days of mutually agreed upon dates 100% of the time." The Program could report both the percentage and the average as either plus or minus the number of days. The Program will need to determine the appropriate targets to use.

Service Delivery Measure 32203-4:**SMaRT Station uptime is 96%. Reported Result: 96.94%**

This SDP measure is a duplicate of Program Measure 5. Auditors were not able to confirm the reported result as accurate or inaccurate. Comments and recommendations are the same as for Program Measure 5.

Service Delivery Measure 32203-5:**Solid waste transfer and disposal contracts are managed so that annual product cost increases are limited to the rate of inflation. Reported Result: 99.08 (Index)**

The intent of this measure is to ensure contract costs for the operation of the SMaRT Station and refuse disposal do not outpace inflation. The measure is calculated by comparing the current year's unit costs to the previous year's unit costs, which are adjusted for inflation. Auditors verified the reported result was calculated correctly and is accurate, showing that unit cost increases for these two contracts were slightly above the rate of inflation.

There are no findings to note.

Section 3: Activity Details**Activity 322100:**

Promote Source Reduction/Recycling. Unit: Work Hours. Reported Result: 5,493 Hours

The product for this Activity is a work hour. Auditors do not reconcile activities for which the product is a work hour because there is no practical method by which to verify the hours were worked.

Activity 322110:

Coordinate Recycling Services. Unit: A Ton Diverted. Reported Result: 26,724 Units and 1,990 Hours

This activity tracks the number of tons diverted from the landfill through the following City-sponsored programs: curbside recycling, multi-family recycling, commercial cardboard, yard waste and other miscellaneous recycling services. Auditors were able to confirm the reported result as accurate using monthly collection reports produced by the collection contractor with only a 0.06% discrepancy in the total number of tons.

Finding #1: In the subactivity entitled "Other" that rolls up into this activity's results, the auditor totaled 39 diverted as compared to 51.61 tons reported in the MBO. Staff stated that the appropriate year-end corrections were not made to the "Other" subactivity and the 39 tons totaled by the auditor was the correct amount.

Recommendation #1: Staff should double check entries and be sure to enter and file any corrected tonnage amounts at the time of receipt.

Activity 322200:

Collect Discarded Materials. Unit: A Ton Collected. Reported Result: 125,821 and 1 Hour

The purpose of this activity is to track the number of tons collected through the Solid Waste Collection Contract. The contractor provides the City with daily, weekly and monthly reports detailing the number of tons they have collected. These reports are supported by actual "scale" tickets, which document the weighing of the vehicle and the tons collected. Auditors reconciled a one-month sample of scale tickets to the monthly reports. Auditors were able to verify the reported result as accurate with a slight

difference in totals of only 0.01% between the monthly reports and what was reported in the MBO.

There are no findings to note.

Activity 322210:

Manage Collection Franchise. Unit: A Liquidated Damages Report Prepared. Reported Result: 12 Units and 2,887 Hours

The purpose of this activity is to ensure monthly Liquidated Damages Reports are completed and sent to the waste collection contractor with their payment each month. The waste collection contract stipulates that the City may assess the contractor with liquidated damages for not meeting specified service standards in the franchise agreement. Auditors were able to verify that a Liquidated Damages Report was completed each month for FY 2004/2005.

There are no findings to note.

Activity 322220:

Household Hazardous Waste Events. Unit: A Vehicle Served. Reported Result: 3,695 Units and 233 Hours

This activity tracks the number of Sunnyvale residents (counted by vehicle) that attend Santa Clara County household hazardous waste events. The City both pays the County for this service, and leases the County space for the events. The City then receives monthly vehicle counts from the County for each event. Auditors were able to confirm the reported result as accurate based on documentation provided by the County.

There are no findings to note.

Activity 322230:

Maintain Closed Landfill. Unit: An Inspection Performed. Reported Result: -551 Units and 5,342 Hours

This activity tracks the inspections of the Sunnyvale Landfill which closed in 1993. Auditors were able to verify the reported number of products as accurate. Staff members inspect the landfill monthly and send results to the Bay Area Air Quality Management District. Inspection forms instruct staff to either check "yes" or "no" for evidence of the following at various monitoring stations: ponded water; slope failure,

settlement, cover cracking and erosion; vandalism; and odors. Auditors confirmed 12 inspections were performed, not the -551 reported.

Finding #1: The reported result in the MBO of -551 is incorrect. A staff member from another program incorrectly charged 563 products to this activity in Period 1 of FY 2005/2006. When staff submitted paperwork to subtract 563 from this activity the correction was incorrectly applied to FY 2004/2005 instead of FY 2005/2006. As a result, the 12 products in FY 2004/2005 had 563 subtracted from them resulting in -551 products reported for this activity. Products have since been corrected for this activity in both FY 2004/2005 and FY 2005/2006, but did not make it in on time to show up in Period 14 of FY 2004/2005.

Recommendation #1: None. It appears staff followed all of the appropriate steps by filling out the appropriate paperwork in a timely fashion.

Activity 322240:

Intergov/Reg/Maintain Landfill Capacity. Unit: Work Hours. Reported Result: 428 Hours

The product for this Activity is a work hour. Auditors do not reconcile activities for which the product is a work hour because there is no practical method by which to verify the hours were worked.

Activity 322250:

Refuse Transfer and Disposal Expense. Unit: A Quarterly Payment Made. Reported Results: 4 Units and 0 Hours

This activity tracks the payments made by Sunnyvale to the SMaRT Station fund for Sunnyvale's share of refuse transfer and disposal expenses. Auditors confirmed quarterly payments were made and the reported result is accurate.

There are no findings to note.

Activity 322260:

Administration. Unit: Work Hours. Reported Result: 0

The product for this Activity is a work hour. Auditors do not reconcile activities for which the product is a work hour because there is no practical method by which to verify the

hours were worked. This activity shows 0 hours because its hours were allocated to other activities.

Activity 322300:

Operate SMaRT Station. Unit: A Ton Received. Reported Result: 258,318 Units and 2,657 Hours

This measure tracks the total number of tons received at the SMaRT Station including tons collected and publicly hauled. Auditors were able to confirm the reported result as accurate using invoices from the station operator. These invoices were also reconciled with monthly collection reports from the collection contractor.

There are no findings to note.

Activity 322310:

Refuse Disposal. Unit: A Ton Landfilled. Reported Result: 176,097 Units and 1 Hour

This activity tracks the tons of refuse disposed at Kirby Canyon and the resulting expense to the City. Auditors verified the reported result as accurate. Auditors totaled invoices with summary monthly tonnage information received from Waste Management of California for waste sent by Sunnyvale to the Kirby Canyon Recycling and Disposal Facility. In addition to this reconciliation, auditors sampled the month of January 2005 and reconciled the summary tonnage information provided in the invoice to the corresponding monthly tonnage report. Auditors confirmed that the City's Solid Waste Contract Administrator performs a similar reconciliation each month.

There are no findings to note.

Activity 322320:

SMaRT Station Revenue Distribution. Unit: Revenue Distributions. Reported Result: 1 Units and 1 Hour

This activity tracks the distribution of SMaRT Station Revenue to the participating cities of Sunnyvale, Palo Alto, and Mountain View. Auditors confirmed the reported result as accurate. The SMaRT Station Revenue Distribution totaled \$1,104,423 in FY 2004/2005.

There are no findings to note.

Attachment 1: Measure Statistics

					General Measure/Activity Issue Areas				
	Measure	Accurate	Not Accurate	Not able to Verify as Accurate or Inaccurate	Data Entry Error	Calculation Error	Measure Issues	Data Issues	SOP Issues
1.	PM 1	1					1		
2.	PM 2	1			1				
3.	PM 3	1			1				
4.	PM 4	1							
5.	PM 5			1		1		1	
6.	PM 6	1						1	
7.	PM 7 (Budget/Cost Ratio)	1							
8.	PM 8 (Gelfond)	1							
9.	SDP 32201-2	1							
10.	SDP 32202-2	1							
11.	SDP 32202-4	1				1			
12.	SDP 32202-5	1						1	
13.	SDP 32203-1	1							
14.	SDP 32203-2	1						1	
15.	SDP 32203-3	1					1		
16.	SDP 32203-5	1							
17.	Activity 322110	1			1				
18.	Activity 322200	1							
19.	Activity 322210	1							
20.	Activity 322220	1							
21.	Activity 322230	1							
22.	Activity 322250	1							
23.	Activity 322300	1							
24.	Activity 322310	1							
25.	Activity 322320	1							
Total		24	0	1	3	2	2	4	0
Percent of 25		96.00%	0.00%	4.00%	12.00%	8.00%	8.00%	16.00%	0.00%

Duplicate Measures

1.	SDP 32201-1 (PM 1)
2.	SDP 32202-1 (PM 3)
3.	SDP 32202-3 (PM 2)
4.	SDP 32203-4 (PM 5)

Activities Not Audited

(Due to Products = Work Hours)

1.	Activity 322100
2.	Activity 322240
3.	Activity 322260

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Departmental Response to the Solid Waste Program (322) Review FY 2004/2005

Program Outcome Measure Findings and Recommendations

Outcome Level	Measure	Summary of Findings	Summary of Recommendations	Department Response	Disposition
Program-Wide Finding		Five measures (20%) had data entry or calculation errors. While only one of these errors was significant enough to affect the reported results, steps should be taken to eliminate their occurrence as they can render results meaningless if large enough.	In general, the Program should review data entry procedures and calculation formulas in automated spreadsheets.	The department agrees with the recommendation.	Implement
Program-Wide Finding		Four measures (16%) had data integrity issues such as logs not being detailed enough for auditors to confirm reported results. While only one measure had data integrity issues significant enough to affect the reported results, steps should be taken to minimize such issues as once source data is compromised little can often be done to reproduce Program efforts.	The data integrity issues auditors encountered are diverse and require such remedies as making data entry logs more detailed and retaining support documentation.	The department agrees with the recommendation.	Implement
Program Measure	1 - Diversion of solid waste from disposal is maintained at 50%. Percent: 56%	There are no findings to note.	N/A	No response is needed.	N/A
Program Measure	2 - The charge for collection of refuse in Sunnyside is 98% of actual status of Sunnyside's rates compared to other cities. Charges for comparable services in similar local cities. Index: 97.05	1. The index score is misleading and masks the actual status of Sunnyside's rates compared to other cities.	1. Indexes have been used to report measure results for many City programs. Reporting results in this format is being reconsidered for the FY 2006/2007 Budget Restructure. The auditor recommends the result for this measure be reported as a percentage, in line with the measure's wording.	The department agrees with the recommendation.	Implement
Program Measure	3 - The index of solid waste complaints per 10,000 collections provided is at the previous three year average. Index: 111.79; No. of Complaints: 770	There are no findings to note.	N/A	No response is needed.	N/A
Program Measure	4 - City refuse is disposed at sites that are designed and operated to prevent unpermitted environmental contamination 100% of the time. Percent: 100%	There are no findings to note.	N/A	No response is needed.	N/A
Program Measure	5 - SMaRT Station uptime is 96%. Percent: 96.94%	1. The reported result did not represent data from the entire fiscal year due to a spreadsheet formula error.	1. Spreadsheet formulas should be reviewed before results are reported	The department agrees with the recommendation.	Implement

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Outcome Level	Measure	Summary of Findings	Summary of Recommendations	Department Response	Disposition
Program Measure	Program Measure 5 continued.	2a. Station downtime is not being adequately captured by the contractor. 2b. Auditors found two instances in which the daily log indicated downtime totaling less than one hour, but the monthly report showed the Station as being inoperable for two hours on each of these days.	2. The Program needs to revise the Station Operator contract and the SOP for this measure to provide detailed specifications on the type of log the Station Operator needs to keep. The log should provide space for the contractor to note on a daily basis how long either the materials recovery or refuse loadout systems were inoperable. A brief explanation for other downtime of individual parts that did not impact these systems should also be logged each day to ensure downtime is captured accurately.	The department agrees with the recommendations.	Implement
Program Measure	6 - Major contracts are managed so that annual unit cost increases are limited to the rate of inflation. Index: 99.58	1. For the collection contract, the overall costs used to calculate the results for this measure were inappropriately included the franchise fee for this contract twice. This was an accounting/ budgeting decision that was made some time in the past and not by current staff.	1. Only the actual contract costs should be included in the calculation for this measure. Program management should work with the Finance Department to insure costs for this contract are being accounted for correctly.	The department agrees with the recommendation.	Implement
Program Measure	7 - The Budget/Cost Ratio (planned cost divided by actual cost) is at 1.0. Ratio: 1.01	There are no findings to note.	N/A	No response is needed.	N/A
Program Measure	8 - An overall customer satisfaction rating of 95% for Solid Waste Management services is achieved. Rating: 94%	There are no findings to note.	N/A	No response is needed.	N/A
Service Delivery Measure 32201	1 - Diversion of solid waste from disposal is maintained at 50%. Percent: 56%	This SDP measure is a duplicate of Program Measure 1.			
Service Delivery Measure 32201	2 - The aggregate cost per ton to divert is at the previous three year average. Index: 126.21; Percent of Average: 79%	There are no findings to note.	N/A	No response is needed.	N/A
Service Delivery Measure 32202	1 - The index of solid waste complaints per 10,000 collections provided is at the previous three year average. Index: 111.79; No. of Complaints: 770	This SDP measure is a duplicate of Program Measure 3.			
Service Delivery Measure 32202	2 - 25% of SMaRT Station loads checked do not contain hazardous wastes. Percent: 42%	There are no findings to note.	N/A	No response is needed.	N/A
Service Delivery Measure 32202	3 - The charge for collection of refuse in Sunnyvale is 98% of charges for comparable services in similar local cities. Index: 97.05	This SDP measure is a duplicate of Program Measure 2.			

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Outcome Level	Measure	Summary of Findings	Summary of Recommendations	Department Response	Disposition
Service Delivery Measure 32202	4 - The landfill gas collection system provides 90% of the prior year number of BTU's to the Power Generation Facility. Percent: 91.25%	There are no findings to note.	N/A	No response is needed.	N/A
Service Delivery Measure 32202	5 - The solid waste collection contract is managed so that annual product cost increase is limited to the rate of inflation. Index: 100.08	This SDP Measure stems from Program Measure 6. Please see the findings and recommendations for this measure.	The same comments and recommendations apply to this measure.	The department agrees with the recommendation.	Implement
Service Delivery Measure 32203	1 - The SMaRT Station annual facility diversion rate is 18%. Rate: 18.2%	There are no findings to note.	N/A	No response is needed.	N/A
Service Delivery Measure 32203	2 - Review equipment replacement funding schedules by January 1st each year for inclusion into the budgeting process to provide adequate funding for SMaRT Station equipment replacement. Index: 100	1. While the Solid Waste Contract Administrator could provide auditors with copies of the reviewed schedule, documentation showing when the schedule was completed was missing.	1. Program staff should save all supporting documentation for calculating measure results and archive these documents appropriately at the time measure calculations are made. These documents should be retained for a minimum of 2 years.	The department agrees with the recommendation.	Implement
Service Delivery Measure 32203	3 - The participating agencies are provided with billings, payments, reconciliations, audits, and other reports on mutually agreed dates 100% of the time. Percent: 100.23%	1. The measure wording does not accurately reflect the reported result.	1. Audit staff recommends the Program change the wording of the measure to reflect what is actually being measured. For example, "Participating agencies are provided with billings, payments, reconciliations, audits, and other reports within an average of 5 days of mutually agreed upon dates 100% of the time." The Program could report both the percentage and the average as either plus or minus the number of days. The Program will need to determine the appropriate targets to use.	The department agrees with the recommendation.	Implement
Service Delivery Measure 32203	4 - SMaRT Station uptime is 96% Percent: 96.94%	This SDP Measure is a duplicate of Program Measure 5.			
Service Delivery Measure 32203	5 - Solid waste transfer and disposal contracts are managed so that annual product cost increases are limited to the rate of inflation. Index: 99.08	There are no findings to note.	N/A	No response is needed.	N/A
Activity 322100	Promote Recycling. Source: Work Hours: 5,493	The Product for this activity is a work hour. Auditors do not reconcile activities for which the product is a work hour because there is no practical method by which to verify that the hours were worked.	N/A	No response is needed.	N/A

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Outcome Level	Measure	Summary of Findings	Summary of Recommendations	Department Response	Disposition
Activity 322110	Coordinate Recycling Services. Product: A Ton Diverted: 26,724	1. In the subactivity entitled "Other" that rolls up into this activity's results, the auditor totaled 39 diverted 51.61 tons reported in the MBO. Staff stated that the appropriate year-end corrections were not made to the "Other" subactivity and the 39 tons totaled by the auditor was the correct amount.	1. Staff should double check entries and be sure to enter and file any corrected tonnage amounts at the time of receipt.	The department agrees with the recommendation.	Implement
Activity 322200	Collect Discarded Materials. Product: A Ton Collected: 125,821	There are no findings to note.	N/A	No response is needed.	N/A
Activity 322210	Manage Collection Franchise. Product: A Liquidated Damages Report Prepared: 12	There are no findings to note.	N/A	No response is needed.	N/A
Activity 322220	Household Hazardous Waste Events. Product: A Vehicle Served: 3,695	There are no findings to note.	N/A	No response is needed.	N/A
Activity 322230	Maintain Closed Landfill. Product: An Inspection Performed: -551	1. The reported result in the MBO of -551 is incorrect.	1. None. It appears staff followed all of the appropriate steps by filling out the appropriate paperwork in a timely fashion.	No response is needed.	N/A
Activity 322240	322240 - Intergov/Reg/ Maintain Landfill Capacity. Product: Work Hours: 483.13	The Product for this activity is a work hour. Auditors do not reconcile activities for which the product is a work hour because there is no practical method by which to verify that the hours were worked.	N/A	No response is needed.	N/A
Activity 322250	Refuse Transfer and Disposal Expense. Product: A Quarterly Payment Made: 4 Hours: 0	There are no findings to note.	N/A	No response is needed.	N/A
Activity 322260	Administration. Product: Work Hours: 0	The Product for this activity is a work hour. Auditors do not reconcile activities for which the product is a work hour because there is no practical method by which to verify that the hours were worked.	N/A	No response is needed.	N/A
Activity 322300	Operate SMarT Station. A Ton Received: 258,318	There are no findings to note.	N/A	No response is needed.	N/A
Activity 322310	Refuse Disposal. Product: A Ton Landfilled: 176,097	There are no findings to note.	N/A	No response is needed.	N/A
Activity 322320	SMarT Station Revenue Distribution. Product: Revenue Distributions: 1	There are no findings to note.	N/A	No response is needed.	N/A